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AZ CORP COMMISSION  
DOCKET CONTROL

FROM: John Bostwick  
Administrative Service Officer  
Utilities Division

DATE: May 25, 2007

RE: Neutral Tandem – Arizona, LLC  
Docket No. T-04298A-04-0930 Decision No. 69417

On April 18, 2007, Docket Control received a copy of Neutral Tandem – Arizona, LLC's ("NTA" or "Company") three tariffs (Arizona Tariff Nos. 1, 2, and 3) bearing a blank effective date and a blank issued date. On May 3, 2007, Staff was requested by the Compliance, Enforcement, and Administrative Section of the Utilities Division of the Arizona Corporation Commission ("Commission") to review NTA's tariffs for compliance purposes, contact the Company to correct any deficiencies, and recommend, if required, that the Company re-file their tariffs through Docket Control.

Staff reviewed the effective date of Decision No. 69417 and the effective date of NTA's tariffs to be filed with the Commission. Decision No. 69417 has an effective date of April 16, 2007 and NTA filed its tariffs within the required timeframe.

NTA submitted three tariffs to address the telecommunications services it intends to provide in Arizona. Each tariff has several Sections that cover the regulations and schedule of charges governing the provision of specific telecommunications services. NTA's Arizona Tariff No. 1 covers dedicated access services. The provisioning of interexchange services is covered in NTA's Arizona Tariff No. 2 and the provisioning of switched access services is covered in NTA's Arizona Tariff No. 3. Staff reviewed each Section of each NTA tariff but did not review every numbered item in each Section of each tariff. Staff is not aware of every numbered item in each NTA tariff that agrees or conflicts with every regulation established in the Arizona Administrative Code ("A.A.C.") rules. Also, Staff is unable to verify that every regulation in each Section of the Articles related to telecommunications in the A.A.C. rules is captured in the proposed tariffs submitted by NTA.

Staff is aware that NTA has deficiencies in each of its tariffs that need to be corrected for compliance purposes. NTA's Arizona Tariff Nos. 1, 2, and 3 have specific deficiencies and lack accurate information regarding definition(s), billing and collection, late payment penalty, and termination of service.

Arizona Corporation Commission  
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Definition(s)

The following lists each technical term or abbreviation in NTA's Arizona Tariff Nos. 1, 2, and/or 3 and the A.A.C. rule number that defines the technical term or abbreviation approved by the Commission:

NTA Arizona		
<u>Tariff Nos. 1, 2, &amp;3</u>	<u>Term or Abbreviation</u>	<u>A.A.C. Rule Number</u>
No. 3 only	Central Office	R14-2-1102 item number 4
Nos.1, 2, and 3	Customer	R14-2-501 item number 9
No. 3 only	IXC (Interexchange Carrier)	R14-2-1001 item number 11
Nos.1, 2, and 3	LATA (Local Access Transport Area)	R14-2-1001 item number 13
No. 3 only	Line Information Data Base (LIDB)	R14-2-1302 item number 12
No. 2 only	Local exchange Carrier (LEC)	R14-2-1001 item number 14
No. 3 only	Premises	R14-2-501 item number 13
Nos.1 and 2	Rate Center	R14-2-1302 item number 19
No. 2 only	Tariff	R14-2-1102 item number14

Staff recommends that NTA use the same definition for each term or abbreviation as those listed by the corresponding A.A.C. rule number. This will help to ensure each term or abbreviation approved by the Commission is used in NTA's Arizona Tariff Nos. 1, 2, and/or 3.

Billing and Collection

Staff was not able to locate billing and collection procedures in the three Arizona tariffs submitted by NTA. According to A.A.C. R14-2-508, Billing and Collection, more specifically R14-2-508 C., entitled "Billing terms", each utility shall file a tariff which incorporates certain billing procedures. The billing procedures are numbered 1 through 4 within this Section of the Commission rules.

Staff recommends that NTA revise its tariffs to include these billing terms and procedures. This will help to ensure that all customers in Arizona are treated with fair and consistent billing terms and procedures.

Late Payment Penalty

According to NTA's Arizona Tariff No. 1 in Section 2.14.2 "Billing and Collection of Charges", item F., on page 24 a late payment charge at "...the lesser of: (1) a rate of 1.5% per month; or (2) the highest interest rate which may be applied under state law for commercial transactions, which shall accrue from the Due Date." This late payment charge does not agree with the language approved by the Commission in A.A.C. R14-2-508 G. 2 and 3.

Staff was unable to locate a late payment penalty in NTA's Arizona Tariff No. 2. According to A.A.C. R14-2-508 G. 1, "Each utility may include in its tariffs a late payment penalty which may be applied to delinquent bills." If NTA wants to have a late payment penalty charge in this tariff, then it should make sure its penalty statement agrees with the language in

A.A.C. R14-2-508 G. 2 and 3.

According to NTA's Arizona Tariff No. 3 in Section 2.4.1 "Payment of Rates, Charges and Deposits", item (C) (1), (2), and (3) on page 39 a late payment charge (1) "...shall be the lesser of: (2) "the highest interest rate (in decimal value) which may be levied by law for the commercial transactions, applied on a simple interest basis for the number of days from the payment due date to and including the date the customer actually makes the payment to the Telephone Company, or (3) 0.000493 per day, (annual percentage rate of 18.0% applied on a simple interest basis for the number of days from the payment due date to and including the date the customer actually makes the payment to the Telephone Company. This penalty statement does not concur with the language stated rule R14-2-508 G. 2 and 3.

Staff recommends that NTA revise each of its Arizona tariffs to reflect the Commission approved language for late payment penalty. This will help to ensure that charges and terms for late payments are properly listed on a customer's bill and computed in a consistent and uniform manner.

#### Termination of Service

Under R14-2-509 D, items 1 and 2, there are termination notice requirements to provide advance written notice to the customer and the written notice must contain minimum information. Staff was unable to locate termination notice requirements in the three Arizona tariffs filed by NTA.

Staff recommends that NTA revise each of its Arizona tariffs to include the termination notice requirements numbered 1 and 2 in R14-2-509 D. This will help to ensure that all Arizona customers being terminated by the Company are properly informed.

According to A.A.C. R-14-2-509 E., items 1 through 6, there are requirements that address the timing of terminations with notice. Staff was unable to locate requirements that addressed the timing of terminations with notice in NTA's Arizona Tariff Nos. 1, 2, and 3.

Staff recommends that NTA revise each of its Arizona tariffs to include the timing of terminations with notice requirements numbered 1 through 6 in R14-2-509 E. This will help to ensure that all Arizona customers being terminated by the Company are informed in a timely manner.

#### Recommendation(s)

Staff forwarded an electronic copy and a docketed copy of this memorandum to Mr. Michael W. Patton, Legal Representative for NTA, to inform him of the revisions that need to be made to NTA's tariffs. Staff recommends that NTA adopt Staff's recommended tariff changes, revise its tariffs and file its revised tariffs (Original and thirteen (13) copies) with Docket Control as a tariff compliance item at the Commission. Any questions regarding Staff's recommended revisions to this tariff may be directed to me at (602)-542-0856.